

January 15, 2014

VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Notice of *Ex Parte* Communication
GN Docket No 12-268
MB Docket No. 09-182
MB Docket No, 07-294
MB Docket No. 10-71

Dear Madam Secretary,

On January 13, 2014, Vince Sadusky (President and Chief Executive Officer), Rebecca Duke (Vice President, Distribution), Brett Jenkins (Vice President/Chief Technology Officer), and Joshua Pila (Senior Counsel) met with William Lake, Sarah Whitesell, and Michelle Carey of the Media Bureau.

LIN's representatives provided the attached presentation and generally discussed its contents. Specifically, the LIN participants noted LIN's commitment to localism including award-winning journalism, community sponsorships, and donation of airtime. We noted that marginal stations cannot afford the fixed costs of newsrooms, journalists, and research. Furthermore, we discussed specific public interest benefits in LIN's sharing arrangement markets, as noted in the attached. For example, LIN's sharing arrangements have allowed struggling stations to add political talk shows, live debates, parade coverage, local sports, local entertainment news, and better weather coverage. Mr. Sadusky also noted several instances where LIN was unable to maintain a marginal station, so LIN divested the station and other parties entered into sharing arrangements for the station. Sharing arrangements also allow LIN to take advantage of the 24-hour news cycle. In addition, LIN's representatives described LIN's Minority Scholarship Program, non-traditional access to on-air positions via the CW Star program, and LIN's recent successes in recruiting minority and female management.

Importantly, we described how LIN competes with largely unregulated MVPDs, Internet entities, and newspapers, and that the Commission's outdated media ownership limits must be reformed. MVPDs face less competition than broadcasters due to franchising, the lack of ownership limits, and the use of MVPD "Interconnects" (i.e., MVPD Joint Sales Agreements). We provided an example of an Interconnect where a single MVPD covers nearly 70% of cable households in a DMA and has estimated revenues that rival broadcast stations. These interconnects advertise themselves as "one-stop-shops" and compete directly against local television broadcasters for local television spot time, using sophisticated resources of their large national parents.

Furthermore, we provided data that shows market strength of MVPDs like TWC, DISH, and DirecTV compared to LIN and its peers. We also noted a disconnect between the ratings of broadcast stations and the fees received for carriage, showing that the retransmission consent market is still

balancing out. We noted that almost all retransmission consent agreements are handled as normal commercial transactions. LIN reiterated that it views its networks as partners in providing high quality content to its viewers.

We adamantly conveyed our opinion that certain MVPDs are attempting to use their size and competitive position to "create a problem" with retransmission consent where no problem exists. In particular, LIN noted that SNL Kagan reports that 89% of 2013's very few retransmission consent disputes involved Time Warner Cable, DISH, or DirecTV. LIN believes that when politics becomes involved in retransmission consent negotiations, it favors MVPDs with more resources and creates a diversion from negotiations. Rebecca Duke noted that there are many elements of negotiating a retransmission consent agreement beyond simply fees. LIN's representatives also noted that sharing arrangements have long been approved by the Commission, including all of LIN's recent sharing arrangements. LIN also supported the view of previous Chairmen that the Commission lacks statutory authority for interim carriage.

. Please contact me if you have any questions about this submission.

Very truly yours,



Joshua N. Pila

CC: William Lake
Sarah Whitesell
Michelle Carey



January 13, 2014

Federal Communications Commission

Vincent Sadusky, President/Chief Executive Officer

Rebecca Duke, Vice President Distribution

Brett Jenkins, Vice President/Chief Technology Officer

Joshua Pila, Senior Counsel

About LIN Media

- Owns/Services 43 TV Stations and 7 Digital Channels in 23 markets
- 7 Sharing Arrangement Markets
- Portfolio of Digital Businesses
- Believes Strongly in Localism, Diversity, and Competition



*Sharing Arrangements: Providence, Austin, Albuquerque, Savannah, Topeka, Youngstown, Dayton

Committed to Localism



➤ Award-Winning Newsrooms

➤ Providence: "Feel The Burn" (AP Award)

➤ Indianapolis: HPV Vaccine Investigation (Emmy)

➤ Strengthening Our Communities

➤ Topeka: Launched First Veteran's Day Parade

➤ Hawaii: KHON Goes Pink for Local Hospital

➤ PSAs – e.g., Savannah WCJL/WTGS Civil Rights PSAs

➤ Public Interest Benefits of Sharing Arrangements (Attached)

➤ Local Sports, Weather, and Politics

Driving Diversity

- Minority Scholarship Program
- CW Star – Alternative Route to TV
- Females and Minorities in Management



minority scholarship
and training program



Competing with Less Regulated Sources

- We Compete With Largely Unregulated MVPDs, Internet, and Newspapers
- Outdated Media Ownership Limits Must be Reformed
- MVPDs Face Less Competition than Broadcasters
 - Franchising
 - No Ownership Limits
 - MVPDs Jointly Negotiate and Sell Local Ads (Interconnects)
 - Indianapolis – Comcast Spotlight sells for Comcast, Bright House, AT&T, DirecTV (58% of subs).

Scale is Necessary

➤ Broadcast TV is the Smaller Player (Annual Revenues)

➤ LIN: ~\$661 Million (2013 Forecast)

➤ Gray: ~\$405 Million (2012)

➤ Journal: ~\$400 Million (2012)

➤ Mediacom: ~\$1.6 Billion (2013 Estimate)

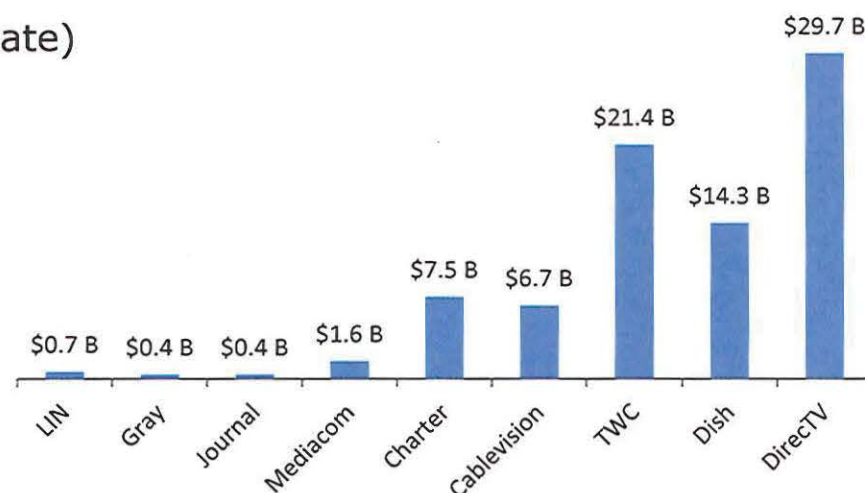
➤ Charter: ~\$7.5 Billion (2012)

➤ Cablevision: ~\$6.7 Billion (2012)

➤ Time Warner: ~\$21.4 Billion (2012)

➤ Dish Network: ~\$14.3 Billion (2012)

➤ DirecTV: ~\$29.7 Billion (2012)



➤ Cash Flow Profit Margins: Cable = 41%, Broadcast = 19% (Deadline.com)

➤ Broadcast Ratings v. Fees Shows Uneven Marketplace Rebalancing

Big 4 vs Cable Networks: Ratings and Sub Fees

Channel	Ratings*	Per Sub Fee**	Per Sub Fee Per Rating Point
Big 4 Stations	2.6	\$0.60^	\$0.23
ESPN	1.0	\$5.54	\$5.54
NICKELODEON	1.0	\$0.62	\$0.62
FOX NEWS CHANNEL	0.9	\$0.94	\$1.04
USA	0.9	\$0.71	\$0.79
NICK AT NIGHT	0.8	\$0.62	\$0.78
HALLMARK	0.7	\$0.06	\$0.09
TNT	0.7	\$1.33	\$1.90
HISTORY	0.6	\$0.26	\$0.43
CARTOON NETWORK	0.6	\$0.21	\$0.35
A&E	0.5	\$0.29	\$0.58
AMC	0.5	\$0.33	\$0.66
HGTV	0.5	\$0.17	\$0.34
TBS	0.5	\$0.62	\$1.24
DISCOVERY	0.4	\$0.37	\$0.93
FOOD NETWORK	0.4	\$0.19	\$0.48

*HH Sign on/Sign off November '13, 15 highest rated cable networks and average of B4 broadcast stations (NBC, ABC, CBS, FOX).

**SNL Kagan TV Network Summary – Affiliate Revenue Per Average Subscriber Per Month, 2013.

^2013 Average Monthly Gross Retransmission Rate per Big 4 Network Household from Morgan Stanley, Media / Cable & Satellite Re-Transforming Network TV, December 12, 2013 (Summary of industry retransmission revenue assumptions - page 21).

Scale Serves the Public Interest

- MVPDs Trying to Use Size and Competitive Position to Create a Problem
- DC Involvement Favors Big MVPDs
 - SNL Kagan Reports 89% of 2013 Disputes by TWC/DISH/DIRECTV
 - More Resources and Diversion from Negotiations
- BUT:
 - Sharing Arrangements Long Approved by FCC
 - No Statutory Authority for Forced Carriage
 - First Amendment Concerns

Spectrum

- Met With Task Force This Morning
 - Transparency
 - Certainty
 - Don't Pick Winners and Losers

Sharing Arrangements Benefit the Public



Providence, RI; #53 DMA

- Launched local community talk show: Dan Yorke's "State of Mind"
- Added live political debates
- Aired "Newsmakers" with two top investigative reporters



Savannah, GA; #92 DMA

- Broadcasts St. Patrick's Day & MLK Day Parades live
- Started "Famous Firsts" civil rights PSAs
- Aired Georgia Southern University and Savannah State University sports



Youngstown, OH; #113 DMA

- Aired different newscasts with different anchors at same time as LIN-owned WKBN
- Added live high school & Youngstown State University basketball games
- Launched local sports pre-game shows



Austin, TX; #40 DMA

- 30-sec. vignettes about local entertainment scene six times a day
- New morning newscast
- Unbuilt station before LIN involved



Topeka, KS; #134 DMA

- Became lead sponsor and promoter of First Annual Topeka Veterans Day Parade
- Increased donations to local non-profit groups to record levels
- Provided new weather and tornado tracking tools not previously available to KTKA



Dayton, OH; #64 DMA

- Increased localism with "CW Star" personality
- New CW-themed creative department with new facilities
- Added Bounce African-American multicast network



Albuquerque, NM; #47 DMA

- New hourly weather inserts
- Investments in HD and statewide distribution (e.g., additional translators for rural areas)
- Relaunching website with local community content



- All SSAs/JSAs passed upon by FCC in long-form apps
- Ownership reports for all Grandfathered LMAs